



CHARLES P. SMITH, SECRETARY

STATE OF VERMONT
AGENCY OF ADMINISTRATION

MEMORANDUM

TO: Agency and Department Heads
FROM: Steven M. Gold, Deputy Secretary of Administration
RE: Leasing Office or Other Equipment
DATE: September 21, 2005

It has come to the attention of Finance and Management and the Secretary of Administration that some units of State government have been entering into long term (more than one year) leases of office equipment and perhaps other kinds of goods or equipment. It may not be evident that such leases in fact create an encumbrance of debt on the State that must be shown in the State long term debt schedule; i.e. they use up available debt and impact the State's authority to borrow. Currently such "capitalized" leases amount to more than \$1 million.

Effective immediately there will be no further such long term goods or equipment leases entered into by any unit of State government. All goods or equipment that is required for the operations of the State must be purchased through the Department of Buildings and General Services (BGS) purchasing system. Any questions about purchasing goods or equipment should be directed to BGS Purchasing and Contract Administration Division.

cc: Business Managers